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No. 04-480

IN THE

Supreme Court of the United States

METRO-GOLDWYN-MAYER STUDIOS, INC., ET AL.,
Petitioners,

v.

GROKSTER, LTD., ET AL.,
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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BRIEF *AMICI CURIAE* OF UNITED STATES SENATOR PATRICK LEAHY AND UNITED STATES SENATOR ORRIN G. HATCH IN SUPPORT OF NEITHER PARTY

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January 24, 2005

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IN THE

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OCTOBER TERM, 2004

No. 04-480

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BRIEF *AMICI CURIAE* OF SENATOR PATRICK LEAHY AND SENATOR ORRIN G. HATCH IN SUPPORT OF NEITHER PARTY

Pursuant to Rule 37.2 of the Rules of this Court, United States Senators Patrick Leahy and Orrin G. Hatch respectfully submit this brief *amici curiae* in support of neither party.[1]

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[1] Pursuant to Rule 37.6 of the Rules of this Court, letters from all parties consenting to the filing of *amicus* briefs are on file with the Clerk of Court. No counsel for either party authored this brief *amici curiae*, either in whole or in part. Furthermore, no persons other than *amici curiae* contributed financially to the preparation of this brief.

INTEREST OF *AMICI CURIAE*

This brief *amici curiae* is submitted by Patrick Leahy, a resident of Vermont who represents that state in the Senate of the United States of America, and by Orrin G. Hatch, a resident of Utah who represents that state in the Senate of the United States. Senator Hatch and Senator Leahy were the Chairman and Ranking Member, respectively, of the Senate Committee on the Judiciary in the 108th Congress, and will hold the same positions on the Intellectual Property Subcommittee of the Senate Committee on the Judiciary in the 109th Congress. Senator Leahy will also continue to serve as Ranking Member of the Senate Committee on the Judiciary. Matters of intellectual property, including copyright, have been under the Committee's jurisdiction since the Committee's creation in 1816. Senators Leahy and Hatch were also the principal co-sponsors of S. 2560, the Inducing Infringement of Copyrights Act of 2004, a bill to codify the doctrine of secondary liability for inducement in the copyright realm.

Amici have an interest in the proper differentiation of constitutional responsibilities between Congress and this Court. Resolving the question presented by this case – whether certain distributed file-sharing services should be held secondarily liable for copyright infringement – necessarily involves the question of whether and how the Court applies this liability doctrine in light of a new technology.

The Court of Appeals for the Ninth Circuit said explicitly that it had been admonished by this Court to "leave such matters to Congress," and purported to find that admonition in this Court's decision in *Sony Corp. of America v. Universal City Studios, Inc. Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 380 F.3d 1154, 1167 (CA9 2004) (*citing Sony*,

464 U.S. 417, 456 (1984)). Respondents adopt the same attitude, and insist that the entire burden and privilege of determining infringement liability rests with Congress. Opp. Pet. Cert. 1-2, 16-19. Indeed, respondents even contend that *amici*'s effort to draft legislation concerning the inducement of copyright infringement bolsters the argument that this Court should neglect its constitutional role in resolving cases and controversies. Opp. Pet. Cert. 19. The holding in *Sony* was hardly so sweeping. Indeed, the very words cited by the court of appeals from *Sony* are shortly followed by this Court's unequivocal statement that it had simply applied the copyright statute to the facts as developed in the case. *See Sony*, 464 U.S. at 456.

Amici play a significant role in the development of intellectual property legislation and, therefore, have an interest in the means by which the law of secondary copyright liability develops. Because respondents have misstated both the nature and the import of the recent Senate legislative effort, *amici* wish to offer their understanding of the institutional relationship between Congress and the Court on these issues. While the Court may be well aware of the errors in respondents' submission, respect for a coordinate branch of government compels *amici* to clarify Congress's role generally and their activities in this specific context.

SUMMARY OF ARGUMENT

This Court's decision in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), recognized that principles of secondary liability inhere in the Copyright Act, announced a rule concerning the type of secondary liability at issue there, and decided the case on its merits. In this case, respondents embrace that decision and their understanding of that rule, but incongruously take the position that rendering

such a decision in this case is beyond this Court's authority, and that indeed the Constitution demands that the resolution of such issues belongs solely to Congress. Respondents err in three ways: First, the Court must decide properly presented cases (like this one), while Congress may choose which issues it addresses. Second, Congress has long and properly respected the role of the federal courts in articulating the traditional doctrines of secondary liability, and indeed assumes the continuing force of those doctrines as it legislates in the area of copyright. Third, recent efforts in the Senate to address one species of secondary liability – inducement to infringe copyright – can in no way abrogate the courts' authority in this arena.

ARGUMENT

In their opposition to the petition for certiorari, respondents urged this Court to leave the issue raised below to resolution by Congress as a matter of practicality – declaring that Congress was enmeshed in a legislative effort to address the issue – and as a matter of propriety – declaring that copyright protection was solely a creature of statute. Opp. Pet. Cert. 1-2, 15, 19. Both contentions are likely to be rehearsed again in the merits briefs, and both contentions are incorrect.

Mindful of the Court's admonition that *amici* should raise only "relevant matter not already brought to [the Court's] attention by the parties," SUP. CT. R. 37.1, this offering is a simple one, designed only to correct possible mistaken impressions perpetuated by respondents. *Amici* seek to clarify the situation because a party has attempted to misrepresent congressional actions and roles in an effort to further its own case. In brief, respondents misconstrue the relationship between Congress and the Court in explicating law, misstate the doctrine of secondary liability in the realm of copyright, and

misrepresent recent legislative activity in the Senate.

I. RESPONDENTS MISCONSTRUE THE DIFFERENT ROLES OF CONGRESS AND THIS COURT

The separate powers created by the Constitution invest the different branches of government with distinct roles, and necessarily different ways of addressing legal issues.

> Our system of government is, after all, a tripartite one, with each branch having certain defined functions delegated to it by the Constitution. While "[i]t is emphatically the province and duty of the judicial department to say what the law is," . . . it is equally – and emphatically – the exclusive province of the Congress not only to formulate legislative policies and mandate programs and projects, but also to establish their relative priority for the Nation. Once Congress, exercising its delegated powers, has decided the order of priorities in a given area, it is for the Executive to administer the laws and for the courts to enforce them when enforcement is sought.

Tennessee Valley Auth. v. Hill, 437 U.S. 153, 194 (1978) (citation omitted).

The courts have the obligation of definitively resolving the problems presented in the cases properly before them. As this Court said long ago:

> With whatever doubts, with whatever difficulties, a case may be attended, we must

> decide it, if it be brought before us. We have no more right to decline the exercise of jurisdiction which is given, than to usurp that which is not given. The one or the other would be treason to the constitution. Questions may occur which we would gladly avoid; but we cannot avoid them. All we can do is, to exercise our best judgment, and conscientiously to perform our duty.

Cohens v. Virginia, 19 U.S. 264, 404 (1821). An issue appropriately raised before the Court must be addressed, and the conflict it engendered must be decided. "The short of the matter is this: Courts in the United States have the power, and ordinarily the obligation, to decide cases and controversies properly presented to them." *W.S. Kirkpatrick & Co., Inc. v. Environmental Tectonics Corp. Intl.*, 493 U.S. 400, 409 (1990); *see also New Orleans Pub. Serv., Inc. v. Council of the City of New Orleans*, 491 U.S. 350, 358-359 (1989) (federal courts have the "virtually unflagging" obligation to exercise the jurisdiction given by Congress) (citation omitted).

Congress possesses a different authority. Congress may, but need not, legislate in response to a perceived need for new or changed law. *See, e.g., Buckley v. Valeo*, 424 U.S. 1, 293 (1976) (Rehnquist, J., concurring in part, dissenting in part) (Congress "while undoubtedly possessing the legislative authority to undertake the task if it wished, is not obliged to address the question"). Similarly, Congress "need not embrace all the evils within its reach," (*National Labor Relations Board v. Jones & Laughlin Steel Corp.*, 301 U.S. 1, 46 (1937)) and may instead focus on those issues that seem "'most acute to the legislative mind.'" *Bowen v. Owens*, 476 U.S. 340, 347 (1986) (*quoting Williamson v. Lee Optical of Okla.*, 348 U.S. 483, 489 (1955)). Yet even when a will exists to undertake legislation,

the press of differing views in Congress, and the vicissitudes of the legislative process mean that much well-intended legislation never makes its way into the U.S. Code, and that many possible statutes never become law.

This is an elementary point, but one that respondents neglect: The Court's role in declaring law is mandatory. Congress's is not. They are simply not substitutes for each other, as respondents contend. The Court cannot refuse to fulfill its constitutional responsibility simply because Congress may be working through possible legislation, that, even if passed and signed into law by the President, may or may not address the issue at hand.

II. RESPONDENTS MISSTATE THE ROLE OF THE COURTS IN THE REALM OF SECONDARY COPYRIGHT LIABILITY

More particularly, and despite respondents' bald statements to the contrary, Opp. Pet. Cert. 19, copyright protection does not lie solely in the province of Congress. The courts are necessarily part of the enterprise of determining when infringement has occurred and of enforcing copyright law. The comprehensive 1976 amendments to the Copyright Act clearly contemplate that indirect infringers shall be liable: The "owner of the copyright ~~under this title~~ has the exclusive rights to do and *to authorize* any of the following" uses of the work. 17 U.S.C. § 106 (emphasis supplied). Ratifying the traditional doctrine of secondary liability in this regard, the Senate Judiciary Committee made clear at the time that Section 106 was drafted that "[u]se of the phrase 'to authorize' is intended to avoid any questions as to the liability of contributory infringers." S. Rep. No. 94-473, at 57 (Nov. 18, 1975); *see also* H.R. Rep. 94-1476, at 61 (Sept. 3, 1976). Indeed, the Committee expanded on just this point:

> The committee has actively considered and rejected an amendment to this section [Section 501: Infringement of Copyright] intended to exempt the proprietors of an establishment, such as a ballroom or night club, from liability for copyright infringement committed by an independent contractor, such as an orchestra leader. A well-established principle of copyright law is that a person who violates any of the exclusive rights of the copyright owner is an infringer, including persons who can be considered related or vicarious infringers. . . . The committee has decided that no justification exists for changing existing law . . ..

S. Rep. No. 94-473, at 141-42; *see also* H. R. Rep. No. 94-1476, at 159-60.

Despite this statutory basis for secondary liability, it is no accident that the doctrine has evolved in the courts. The question when "it is just to hold one individual accountable for the actions of another," *Sony*, 464 U.S. at 435, is necessarily a fact-specific one, and courts, unlike Congress, are particularly well suited to determine individual cases, and to fashioning rules with both the clarity and the flexibility necessary to ensure that the purposes of the Copyright Act are fulfilled in changing factual circumstances.

Therefore, and contrary to assertions of respondents, it is not "Congress alone that has the full array of policy levers at its disposal." Opp. Pet. Cert. 18. Congress cannot respond to every circumstance. It exercises its legislative power prospectively, and with respect to general types of conduct. Having recognized the traditional doctrine of secondary

liability in copyright, Congress has (as respondents point out) addressed the application of the Copyright Act to a number of new technologies, Opp. Pet. Cert. 18, but has left the development of secondary liability largely to the courts.

Yet another well-established principle, which respondents' argument requires *amici* to emphasize, is that legislation almost invariably takes place against a backdrop of common law and judicial interpretation of rights and liabilities. *See, e.g., Astoria Fed. Savings and Loan Ass'n v. Solimino*, 501 U.S. 104, 108 (1991) ("Congress is understood to legislate against a background of common-law adjudicatory principles . . . Thus, where a common-law principle is well established . . . the courts may take it as given that Congress has legislated with an expectation that the principle will apply.") (citations omitted); *see also Meyer v. Holley*, 537 U.S. 280, 285 (2003) (Fair Housing Act "says nothing about vicarious liability" but "the Court has assumed that . . . [Congress] legislates against a legal background of ordinary tort-related vicarious liability rules and consequently intends its legislation to incorporate those rules.") (citations omitted). The Copyright Act, and its amendments, are no exceptions.

It is thus hardly surprising that, as this Court has made clear, the fact that the statute speaks in terms of the rights of the copyright holder, rather than the potential liability of the infringer, is of no import:

> The absence of such express language [imposing secondary liability] in the copyright statute does not preclude the imposition of liability for copyright infringements on certain parties who have not themselves engaged in the infringing activity. For vicarious liability is imposed in virtually all areas of the law, and the

> concept of contributory infringement is merely a species of the broader problem of identifying the circumstances in which it is just to hold one individual accountable for the actions of another.

Sony, 464 U.S. at 435 (footnote omitted).

To point out the obvious, this Court has long recognized and recently reaffirmed the primacy of Congress in establishing, pursuant to authority granted by the Constitution "to promote the Progress of Science and useful Arts" (U.S. CONST., art. I, § 8, cl. 8), the scope of the rights inhering in a copyrighted work. *Eldred v. Ashcroft*, 537 U.S. 186, 198, 203-05 (2003). But that definitional task is distinct from determining when those rights have been violated, and by whom. There is a crucial role for courts to play in determining when the law has actually been broken and in determining when doctrines of secondary liability should be brought to bear in a particular case.

The essence of respondents' position is that the Court should affirm the Ninth Circuit's decision because to do otherwise would be "to expand the protections afforded by the copyright without explicit legislative guidance." *Sony*, 464 U.S. at 431. *See generally* Opp. Pet. Cert. 16-19. Notably, however, although *Sony* uses that language, it does nothing to help respondents. This statement of deference is ultimately followed by the Court's conclusion that, notwithstanding the absence of an explicit provision for secondary liability in the Copyright Act, it nevertheless must continue to recognize the doctrine. "[V]icarious liability is imposed in virtually all areas of the law," *Sony*, 464 U.S. at 435, and the courts have recognized vicarious liability in copyright for years. *Id.* at 435-38; *see, e.g., Kalem Co. v. Harper Bros.*, 222 U.S. 55 (1911) (producer

of unauthorized film dramatization of the copyrighted book liable for commercial exhibition of the film by others); *Gershwin Pub. Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159 (CA2 1971) (managers liable for supporting performances by direct infringers and supplying musical compositions to be infringed); *Dreamland Ball Room, Inc. v. Shapiro, Bernstein & Co.*, 36 F.2d 354 (CA7 1929) (dance hall liable for hiring orchestra to supply music to paying customers). In light of the consistent interpretation of the Copyright Act to include secondary liability, and Congress's repeated revisiting of that statute, most notably in 1976, this Court should presume that Congress acted with this interpretation in mind, and should adhere to that interpretation. *See, e.g., Keene Corp. v. United States*, 508 U.S. 200, 212-13 (1993).

The courts have long been the arbiters of several significant areas of copyright law, principal among which are the doctrines of fair use and secondary liability, because both Congress and the courts recognize that the consideration of many facts and factors are relevant to determinations under these doctrines. In *Sony*, this Court did precisely what courts do in such a case: They apply traditional liability principles to the facts presented, and determine whether some party should be held responsible for infringement. The fact that the Court found no such liability for the mere sale of video tape recorders will not control the disposition in a different case with different facts. It certainly does not suggest that resolution of that different case should await legislative action. *See In re: Aimster Copyright Litigation*, 334 F.3d 643, 647 (CA7 2003) (recognizing that with respect to final determination of applicability of *Sony*, this Court "must have the last word"). As respondents concede, where Congress has perceived a need for change in the statutory law, it has done so, and without reservation. Opp. Pet. Cert. 16-18.

Indeed, as respondents concede, Congress has amended the Copyright Act several times.[2] But notably, even though Congress has reacted to a dizzying array of new technologies, it has not repudiated the courts' role in the realm of traditional secondary liability. Moreover, congressional action that alters the application of the Copyright Act to certain technologies should not be taken to imply a congressional intent that other technology falls outside the Act entirely. *See United States v. Texas*, 507 U.S. 529, 537-38 (1993) (congressional action to "tighten the screws" on certain debtors to the federal government does not imply congressional intent to absolve other debtors of liability).[3]

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[2] Those amendments have required royalty payments for the sale of digital audio recording devices, and in doing so, explicitly created a safe harbor from any secondary liability for the sale of such devices, The Audio Home Recording Act of 1992, Pub. L. No. 102-563, 106 Stat. 4237; allowed satellite transmission services to carry local broadcast signals under certain circumstances, The Satellite Home Viewer Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935; required copy controls on home video recorders, regulated webcasting, protected access control devices, and, under certain conditions created a safe harbor from secondary copyright liability for Internet service providers, The Digital Millennium Copyright Act of 1998, Pub. L. No. 105-304, 112 Stat. 2860; prohibited certain electronic transmissions of copyrighted works, The No Electronic Theft Act of 1997, Pub. L. No. 105-147, 111 Stat. 2678; and prohibited certain satellite signal interception and decryption devices, The Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56. *See* Opp. Pet. Cert. 16-18.

[3] The admonition of *Sony* with regard to the importance of legislative efforts to address copyright issues is quite apt: "It may well be that Congress will take a fresh look at this new technology, just as it so often has examined other innovations in the past. But it is not our job to apply laws that have not yet been written." *Sony*, 464 U.S. at 456. The immunity that respondents seem to seek in this litigation is not one that has "yet been written" into a statute by Congress, and resolution of the issues in this case cannot await the day when Congress decides to enact – or not to enact – such a law.

III. RESPONDENTS MISREPRESENT THE NATURE AND IMPORT OF RECENT LEGISLATIVE EFFORTS IN THE SENATE

Respondents place great weight on the fact that *amici* and a number of their Senate colleagues (whom respondents characterize more sweepingly as "Congress") had endeavored in the 108th Congress to draft legislation that would codify liability for inducement to infringe copyright. *See* Opp. Pet. Cert. 2, 19. *Amici*'s consideration of the Inducing Infringement of Copyrights Act (IICA), however, should not affect this Court's deliberations. The IICA (introduced in the Senate as S. 2560 on June 22, 2004) and *Sony* cover different aspects of secondary liability and, therefore, do not affect each other's applicability. *Sony* did not address liability for inducement, a species of secondary liability developed in the common law and codified in the Patent Act. *Sony* discussed vicarious and contributory liability, and explicitly and deliberately left aside liability based on inducement. *Sony*, 464 U.S. at 439 n.19. The IICA covered only inducement and stated explicitly that it was leaving the secondary liability doctrines of *Sony* untouched. *See* S. 2560 § 3. ("Nothing in this subsection shall enlarge or diminish the doctrines of vicarious and contributory liability for copyright infringement."); *see also* 150 CONG. REC. S7189-92 at 192 (statement of Sen. Hatch on introduction of S. 2560) ("This bill will also preserve the *Sony* ruling without reversing, abrogating or limiting it."). Thus, even had the IICA been passed as introduced, the question presented by this case – whether respondents are liable under the doctrines explicated in *Sony* – would still require resolution by this Court, and that resolution would not have turned, in any way, on the IICA.

It is true that the situation that eventually led to the filing of this case lent some impetus to the consideration of the IICA.

See 150 CONG. REC. S7192-93 at 192 (daily ed. June 22, 2004) (statement of Sen. Leahy on introduction of S. 2560) ("Recent developments, however, now make it necessary for Congress to clarify that this principle [inducement liability] also applies to copyrights."). It is also true that many voices in the IICA legislative process shouted for the codification of *Sony* in statutory law, and then disagreed vehemently about what *Sony* meant and what any such codification would look like. Disagreements about the meaning of *Sony*'s rule, especially amid the "quicksilver" changes in technology (*Grokster*, 380 F.3d at 1167) are not surprising. But to say that the facts underlying the outcome in the court of appeals gave an incentive to address inducement liability hardly means that inducement liability and the liability at issue in the Ninth Circuit (and now here) are one and the same, or that the codification of inducement liability would have abrogated the role of the Court in developing the common law doctrines of secondary liability. Rather, the legislative effort was to ensure that secondary liability for inducement, an issue that was bypassed by the court of appeals, although long recognized in the common law, was expressly established in the statutory law.

Amici also wish to make clear that their efforts to draft the IICA included, as a central premise, a continuing respect for this Court's role in the development of the common law of secondary liability. In fact, *amici* made clear throughout the IICA process that Congress would not interfere with this Court's ability to develop the law of secondary liability. *See* 150 CONG. REC. S7189-92 at 192 (daily ed. June 22, 2004) (statement of Sen. Hatch) (common law should continue to develop, with "courts endowed with the flexibility to impose just results."). Respondents' claim, then, that the IICA reflects Congress's view that this Court lacks authority to develop the common law of secondary liability, Opp. Pet. Cert. 17, is demonstrably false.

CONCLUSION

Regardless of the rule announced in this case, Congress will continue to revisit the Copyright Act when necessary. As always, congressional action will take place within the structure of the constitutional powers as defined by the Constitution. *Amici* recognize, as this Court has, that advances in technology often present new challenges to the established principles of copyright law, and that when such difficulties undermine the fundamental purposes of that law, Congress "has fashioned the new rules that new technology made necessary." *Sony*, 464 U.S. at 431. Of course, "[s]ound policy, as well as history, supports [this Court's] consistent deference to Congress when major technological innovations alter the market for copyrighted materials. Congress has the constitutional authority and the institutional ability to accommodate fully the varied permutations of competing interests that are inevitably implicated by such new technology." *Id.* But no new rules, at least not of the kind that respondents may envision, are necessary in this case. The charge is that some purveyors of a relatively new technology – one that harnesses the potential of peer-to-peer networks – have done so in a way that runs afoul of traditional and well-established principles of secondary liability. That is obviously for this Court to decide.

Respectfully submitted,

SENATOR PATRICK LEAHY*
SENATOR ORRIN G. HATCH

January 24, 2005

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